



FY06 BUDGET RESOLUTION: CHALLENGES AND OPPORTUNITIES

Health Care

Health care costs and demographic trends driving long-term deficits...

Medicare and Medicaid will consume nearly one-third of total federal spending by 2015.

Economist paints bleak outlook...

In 2004, Medicare spending less premium payments and dedicated tax revenues required general revenue funding equal to 10.7 percent of total federal income taxes. Transfers required to pay current law benefits will grow to over 90 percent of projected federal income tax revenues by 2075, according to Medicare Trustee Thomas Saving.

Federal Reserve Chairman Alan Greenspan...

"I fear that we may have already committed more physical resources to the baby boomer generation in its retirement years than our economy has the capacity to deliver. If existing promises need to be changed, those changes should be made sooner rather than later."

THE FY06 BUDGET RESOLUTION:

Takes reasonable steps to slow entitlement growth...

The budget includes spending on Medicaid of \$189.5 billion in FY06 and \$1.1 trillion over five years, but calls for Congress to slow the growth rate by \$14 billion over 5 years, noting that there is great potential for savings in the Medicaid program due to waste and abuse in the system. At least 34 states are estimated to be receiving up to \$6 billion a year in federal Medicaid dollars inappropriately.

Allows for legislation expanding coverage...

Millions of Americans do not have access to affordable health insurance. The budget provides a reserve fund for legislation that addresses access to health care services and health insurance for the uninsured.

Improves access to quality care for providers and patients...

The budget establishes a deficit-neutral reserve fund for the HELP and Finance committees to improve the quality of health care through the adoption of health information technology for providers and performance-based payments that are based on accepted clinical performance measures.